

# ***Do a Reality Check Before Taking Career Status Bonus/REDUX***

Electing to receive \$30,000 when offered the Career Status Bonus (CSB) and reverting to the REDUX retirement plan could mean the loss of hundreds of thousands of dollars in your future retirement pay.

Sailors and their families need to look hard before they decide to take this retirement option. It could mean the difference between actually retiring or working years beyond anticipated retirement.

If CSB and REDUX are elected, the Sailor agrees to stay Navy for at least another five years, receives a \$30,000 taxable bonus and chooses a reduced retirement plan of 40 percent of basic pay when they retire after 20 years of service.

Serious financial planning needs to be part of the equation when making the decision to elect to receive a CSB and revert to REDUX for retirement, or turn down the bonus and stay with the High-3 retirement system.

The Center for Naval Analysis (CNA) suggests that the best way to look at the choice of receiving a CSB is to consider the Career Status Bonus as an early cash-out "loan" to be paid back later by smaller retirement paychecks. Comparative figures are provided in a CNA study published in April 2001 and available at [www.cna.org/newsevents/images/crm3713.pdf](http://www.cna.org/newsevents/images/crm3713.pdf).

Bottom line: check the facts. Look and plan ahead; ask questions. Command career counselors, command financial advisors, administrative officers, and Fleet and Family Service Centers are standing by to assist in one of the most important decisions of anyone's financial life.

Additional help can be found on the DoD Web site <http://pay2000.dtic.mil>, where there is a retirement pay calculator to directly compare retirement benefits between both High-3 and REDUX retirement plans. For more CNP news, go to [www.news.navy.mil/local/cnp](http://www.news.navy.mil/local/cnp).



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